

#### Members

Rep. Charlie Brown, Chairperson  
Rep. Brian Hasler  
Rep. William Crawford  
Rep. Susan Crosby  
Rep. John Day  
Rep. Craig Fry  
Rep. Win Moses  
Rep. Peggy Welch  
Rep. Vaneta Becker  
Rep. Robert Behning  
Rep. Timothy Brown  
Rep. Mary Kay Budak  
Rep. David Frizzell  
Rep. Gloria Goeglein  
Sen. Patricia Miller, Vice-Chairperson  
Sen. Greg Server  
Sen. Kent Adams  
Sen. Beverly Gard  
Sen. Steve Johnson  
Sen. Connie Lawson  
Sen. Marvin Riegsecker  
Sen. Allie Craycraft  
Sen. Billie Breaux  
Sen. Earline Rogers  
Sen. Vi Simpson

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## HEALTH FINANCE COMMISSION

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### MEETING MINUTES<sup>1</sup>

Meeting Date: August 29, 2000  
Meeting Time: 1:00 P.M.  
Meeting Place: State House, 200 W. Washington  
St., House Chambers  
Meeting City: Indianapolis, Indiana  
Meeting Number: 2

**Members Present:** Rep. Charlie Brown, Chairperson; Rep. Brian Hasler; Rep. William Crawford; Rep. Susan Crosby; Rep. John Day; Rep. Craig Fry; Rep. Peggy Welch; Rep. Vaneta Becker; Rep. Robert Behning; Rep. Mary Kay Budak; Rep. Gloria Goeglein; Sen. Patricia Miller, Vice-Chairperson; Sen. Kent Adams; Sen. Steve Johnson; Sen. Connie Lawson; Sen. Allie Craycraft; Sen. Billie Breaux; Sen. Earline Rogers; Sen. Vi Simpson.

**Members Absent:** Rep. Win Moses; Rep. Timothy Brown; Rep. David Frizzell; Sen. Greg Server; Sen. Beverly Gard; Sen. Marvin Riegsecker.

Representative Brown called the meeting to order at 1:05 P.M. He first announced that the Commission's next meeting, scheduled for September 12<sup>th</sup>, would be canceled

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<sup>1</sup> Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.ai.org/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

and that the Commission would next meet on September 26<sup>th</sup> as previously scheduled. He then invited Representative Welch to introduce the meeting's primary topic, the federal Ticket To Work Act.

Representative Welch presented her HR 69-2000, which urged the formation of a study committee to examine issues relating to health care barriers to employment and the options for Indiana available through the Ticket to Work and Work Incentives Improvement Act of 1999 (TWWIIA) (see Exhibit 1). She briefly explained the reasons that Congress passed TWWIIA and the Medicaid Buy-In (MBI) program proposal. She noted the high rate of unemployment among the disabled and suggested that many disabled individuals fear losing Medicaid benefits upon entering the workforce. She then introduced Cris Fulford, spokesperson for the Indiana Medicaid Action Coalition (IMAC).

Ms. Fulford provided Commission members with written handouts (see Exhibit 2). She noted that over 450 individuals and organizations are promoting the adoption of the MBI program. She explained the TWWIIA in greater detail, including the features of the Ticket to Work; the expanded availability of health care services; the expedited reinstatement of benefits; continuing disability reviews; the formation of a Work Incentives Advisory panel and a Work Incentives Outreach program; protection and advocacy under the TWWIIA; and demonstration projects and studies. Ms. Fulford described IMAC's role in encouraging state legislators and policymakers to develop the MBI program for workers with disabilities. She observed that the federal legislation removes barriers that force individuals with disabilities to choose between receiving health care services and entering the workforce.

Becky Banks, Community Coordinator with the Indiana Institute on Disability and Community, next addressed the Commission. She explained the results of IMAC's survey regarding health care barriers to employment (see Exhibit 3). She noted that 826 of approximately 2800 surveys distributed by IMAC to individuals with disabilities were returned for processing. Results of the survey include the following: (1) 42% of respondents indicated that they must pay out-of-pocket medical costs before they are eligible for Medicaid each month. (2) 33% of respondents turned down employment or an increase in earned income due to the fear of losing healthcare (e.g., Medicaid). (3) 67% of unemployed individuals indicated that the primary reason they do not work is due to the effects of work on health insurance (e.g., Medicaid and Medicare). Ms. Banks stressed that the survey results support the concept of adopting the MBI program.

In response to Representative Brown's question, Ms. Banks explained what is meant when an individual has a combination of disabilities. Representative Goeglein asked if the marriage penalty was discussed during IMAC's conversations regarding the MBI program. Ms. Banks noted that that topic was discussed by IMAC members.

Rita Martin, Deputy Director for Indiana Vocational Rehabilitation Services, explained the types of services her department provides to individuals with disabilities. She provided Commission members with statistics indicating that those individuals who have access to health care tend to work more hours and have higher earnings than those who do not have access to health care. Representative Brown asked what benefits accrue to employers who provide jobs to individuals with disabilities. Ms. Martin noted that there is currently a shortage of workers and that the disabled represent an underutilized market of potential employees. In response to a question from Representative Crosby, Ms. Martin stated that individuals employed in sheltered workshops are currently counted as employed; however, pending federal legislation would change this designation. Responding to Representative Crawford's question, Kathy Gifford from the Office of Medicaid Policy and Planning (OMPP) told Commission members that a disabled

individual qualifies for Medicaid if that individual earns 74% or less of the current federal poverty level. She added that, if the legislature adopted the MBI program proposal, OMPP would have to define how much cost sharing would be involved and what amount individuals would pay for monthly premiums.

Ms. Fulford presented Commission members with an overview of the draft proposal for the MBI program (see Exhibit 4). She briefly discussed various sections of the draft, including its purposes; relevant definitions; making an application for authority to operate a MBI program; administration of that program; potential funding sources; criteria for determining the effectiveness of the state's work incentive initiatives; creating an executive task force on Medicaid work incentives; establishing eligibility for the MBI program; developing personal assistance services; determining participant premiums; determining allowable resources and assets; determining who is disabled; applying to the Health Care Financing Administration for state infrastructure grant support; and transition and wrap around with employer-sponsored and private health insurance plans. She explained IMAC's rationales for including several specific figures in the draft.

Paul Selby of Magic Wand Solutions testified regarding some of the details within the MBI program proposal (see Exhibit 5 for highlights). He noted that many disabled individuals qualify for assistance under the Supplemental Security Income program (SSI) or the Social Security Disability Income program (SSDI). Under Section 1619(b) of SSI, an individual who goes to work and no longer qualifies for SSI but who still qualifies for Medicaid is not subject to spend down requirements until that individual earns approximately \$25,000 per year. However, he asserted that this provision is often overlooked in Indiana. Mr. Selby observed that while the federal resource limit for the SSI program is \$2,000, the limit in Indiana is \$1,500. He noted that the goal of working is to earn enough money to no longer qualify for assistance from programs such as Medicare, Medicaid, SSI, etc.; however, under the way the current law works, many disabled individuals maximize their dependency on SSI rather than go to work. Mr. Selby also told Commission members that if a Medicaid recipient earns more than \$700 per month, the individual no longer qualifies for Medicaid.

Representative Becker asked who is responsible for overlooking an individual's Section 1619(b) status. Mr. Selby indicated that in most cases, the individual's caseworker overlooks this provision in the law and that this problem could be resolved primarily through training and education. He noted that under IMAC's MBI program proposal, an individual's cash resource limit would be increased to between \$2,000 and \$6,000 with exclusions for the following: (1) money in certain special restricted accounts established to increase independence and self-sufficiency, with a minimum of \$10,000 excluded; (2) resources that are jointly owned; and (3) property that is essential to self-support (e.g., a tractor on a farm). In response to Representative Becker's question, Mr. Selby stated that a van used for work would be excluded from countable resources as property essential to self-support, but that the IMAC draft did not address the issue of whether a van would be excluded if it is used only to transport an individual to and from work. He stressed that adopting the MBI program proposal would not open the floodgates of the Medicaid program, rather that an individual should be receiving Medicaid before going to work. He also asserted that the individual should be required to pay a monthly premium to Medicaid that is based on the individual's earnings as a percentage of the federal poverty level. He asserted that disabled individuals want the safety net of remaining on Medicaid when they go to work.

Representative Behning observed that it sometimes costs more administratively to collect a small premium than the amount of the premium itself. Mr. Selby noted that the state could apply for federal grants that would help decrease administrative expenses.

Representative Crosby asked if dually-diagnosed individuals (e.g., individuals diagnosed with both a developmental disability and a mental illness) would be covered under the MBI program. Mr. Selby responded affirmatively, adding that anyone who receives Social Security benefits gets a ticket to work that can be taken to vocational service providers in the area for assistance in securing employment and other forms of assistance.

Allen Jensen, Director of the Work Incentives Project at George Washington University, spoke generally about the potential fiscal impact of the MBI program proposal (see Exhibit 6). He provided Commission members with a copy of a National Conference of State Legislatures publication entitled "Ticket to Work: Medicaid Buy-In Options for Working People with Disabilities", which he co-authored (see Exhibit 7). The publication includes a summary of how several other states are implementing a MBI program. Mr. Jensen asserted that the proposed buy-in is not an expansion of Medicaid and that it would be possible for Indiana to implement this program without a net increase of costs to the state. He emphasized several guidelines that should be in place for the MBI program to be successful, including the following: (1) Participating individuals must work a significant number of hours and not undertake token employment. (2) The program should be an effort of many public agencies rather than the state's Medicaid agency alone, e.g., agencies administering mental health programs, those providing services to individuals with developmental disabilities, those providing vocational rehabilitation services, and those administering independent living and workforce development programs should also be included. Private agencies should also be included. (3) The MBI program should be used as a wrap-around to employer-based health insurance programs to the extent possible. (4) The MBI program should be targeted to individuals with disabilities who have the best chance of sustaining employment. (5) An individual's disability status under SSI and Medicaid should not be terminated solely because of the individual's work activity.

Mr. Jensen noted that, currently, approximately 126,000 state residents receive benefits from the SSDI program. He asserted that only a small percentage of those individuals would move to the MBI program. Senator Miller asked about the up-front costs of implementing the MBI program. Mr. Jensen noted that 90% of those who would participate currently receive Medicaid, so only 10% would be new enrollees. He could not provide a dollar figure for the state's costs. In response to a question from Representative Goeglein, Rita Martin explained the Ticket to Work aspect of the law in greater detail. Mr. Jensen stated that Oregon has implemented a cost-neutral MBI program that provides benefits only to those individuals making a significant work effort. He said that those individuals are most likely to receive employer insurance. In response to Representative Becker's question, Mr. Jensen replied that many individuals participating in Oregon's MBI program also receive private health insurance, but still need the services provided through the MBI program because those services are often not covered under the individual's private insurance.

Mr. Jensen and Senator Simpson briefly discussed the flexibility in the federal act and agreed that the legislature need not necessarily use the figures provided in IMAC's draft when drafting MBI program legislation. Senator Simpson noted that there are several ways to adjust the fiscal note for this proposed legislation. Representative Crawford stated that the legislature should note that workers are taxed but that Medicaid benefits are not, so more money will go to the state's general fund if there are more workers. Therefore, the state might be able to adjust eligibility for the MBI program upwards. Mr. Jensen agreed, noting that the program provides significant flexibility in establishing eligibility factors. Senator Simpson expressed concern about the effect of Indiana's more strenuous definition of disability in order to qualify for Medicaid benefits. Mr. Jensen thought that that factor would not have much fiscal impact in implementing a MBI program.

Karen Vaughn, Rhanee Patrick, John Hayes, and David Tatem are individuals with disabilities who testified before the Commission regarding how implementing a MBI program would be extremely helpful to their lives and work situations. Ms. Vaughn, Ms. Patrick, and Mr. Tatem supplied Commission members with written copies of their testimony (see Exhibits 8 through 10).

Representative Brown reminded Commission members that the meeting scheduled for September 12<sup>th</sup> was canceled and that the Commission would next meet on September 26<sup>th</sup> to hear testimony regarding SR 32-2000 and SCR 13-2000. He added that the Commission would meet on October 10<sup>th</sup> to hear testimony regarding HB 1124-2000, Alzheimer's disease, and immunization data, and would hold its final meeting on October 24<sup>th</sup> to consider proposed legislation as well as adopting the Commission's report for this interim.

Kathy Gifford, Assistant Secretary of Family and Social Services for the Office of Medicaid Policy and Planning thanked IMAC members for their work to date, and stated that she appreciated their technical expertise in helping OMPP to determine how the MBI program relates to Indiana. She noted that there remain many questions to answer and options to explore for how to make a MBI program work in Indiana.

Representative Welch thanked Commission members for their attendance and attention to the testimony. She emphasized the need to reduce barriers to work and asserted her hope for legislation in that regard.

Representative Brown thanked Commission members for attending today's meeting and reminded them that the next meeting will be held on September 26<sup>th</sup> at 1:00 P.M. He then distributed a letter from the Paralyzed Hoosier Veterans regarding the problems currently experienced by county health departments (see Exhibit 11).

Representative Brown adjourned the meeting at 3:00 P.M.